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ANGEL TAX AXED
The contentious 30.9% angel tax on funds received by startups from external investors abolished. This tax was levied when the funds exceeded fair market value of shares of the startup

₹2L CR JOB PUSH
In all, five schemes were announced with total outlay of ₹2 lakh crore to generate jobs for youth. These include three schemes that offer 'employment-linked incentives' to companies

CAPITAL LOSS
To deter speculation, FM raised short-term capital gains tax sharply from 15% to 20%. Long-term tax will be 12.5%, up from 10%. Exemption cap for long-term gains raised to ₹1.25L

BOOST FOR SMEs
The limit of Mudra loans enhanced to ₹20 lakh from the current ₹10 lakh for entrepreneurs who successfully availed and repaid previous loans under the 'Tarun' category

UNION BUDGET 2024-25

PATH OF PRUDENCE, NOT POPULISM

DECODED

DIPAK MONDAL @ New Delhi

WHEN Finance Minister Nirmala Sitharaman on Tuesday rose to present Budget and spelled out the key themes — employment, skilling, MSMEs, and the middle class — there was high hope that she would open the purse strings and announce some generous measures for the middle class. It was not to be.

After making the early grand gestures, the finance minister stopped short of providing any big relief to the middle class. The much-expected income tax sops ended up being too tame to merit much attention. Nonetheless, those in the new tax regime did get some reasons to cheer. The FM increased the standard deduction from ₹50,000 to ₹75,000. The tax structure under the new regime was also tweaked a bit. The government continues to load the tax benefits in favour of the new tax regime, which according to the finance minister is opted by two-thirds of the individual taxpayers. The sops would help taxpayers save up to ₹17,500 every year.

While the income tax announcements failed to enthuse many, the increase in capital gains taxes in equities — from 15% to 20% for short-term capital gains and 10% to 12.5% for long term capital gains — was a shocker. The equity market reacted sharply with benchmark equity indices falling over 1% at one point of time. However, the markets recuperated the losses, probably taking consolation from the fact that the government has not given in to the pressure and shunned the path of fiscal prudence.

The government has set a steep fiscal deficit target of 4.9% of GDP (against the 5.1% in the interim budget). "The fiscal consolidation path announced by me in 2021 has served our economy very well, and we aim to reach a deficit below 4.5 per cent next year. The government is committed to staying the course. From 2026-27 onwards, our endeavour will be to keep the fiscal deficit each year such that the Central Government debt will be on a declining path as percentage of GDP," the FM said in her Budget speech.

While the path of fiscal consolidation for the government was made easy by the bumper dividend of ₹2.11 lakh crore given by the Reserve Bank of India. On tax revenue front as well, the government looks comfortable as it estimated an 11% growth in the gross tax collection to ₹38.4 lakh crore. And despite some big announcements on jobs and skilling, it managed to keep its expenditure growth at 8.5% to ₹48.2 lakh crore. This has resulted in lower gross and net borrowings than the previous year.

The big feature of the budget, though, was its announcements on the jobs and skilling. The Budget has taken a cue from the Economic Survey report and acknowledged that job creation is of critical importance for the country. It, therefore, announced a slew of measures and incentives for jobs and skilling. The Finance Minister allocated ₹2 lakh crore for five schemes and initiatives that will facilitate employment and skilling opportunities for 4.1 crore youth over a five-year period. Curiously, the government has named the job creation scheme as Employment-linked Incentive (borrowing from the Congress' election manifesto). Major thrust has also been given on skilling with the launch of a comprehensive scheme that will provide internship opportunities to one crore youth in 500 top companies in five years.

In a bold move, the government abolished the 'angel tax' to boost investments in the start-up ecosystem. Although the FM named infrastructure as one of the priorities, the budget allocation for capex remained unchanged at ₹11.11 lakh crore from that in the interim budget.

Proposed relief in new tax regime

NEW INCOME SLABS	TAX RATE (%)
Up to ₹3,00,000	NIL
From ₹3,00,001 to ₹7,00,000	5%
From ₹7,00,001 to ₹10,00,000	10%
From ₹10,00,001 to ₹12,00,000	15%
From ₹12,00,001 to ₹15,00,000	20%
Above ₹15,00,000	30%

NON-GOVT EMPLOYER CONTRIBUTION TO NEW PENSION SCHEME
Deduction allowed to both employer and employee hiked from 10% to 14% of employee's salary

STANDARD DEDUCTION
Up for salaried individuals and pensioners from ₹50,000 to ₹75,000

FAMILY PENSION DEDUCTION
Raised from ₹15,000 to ₹25,000

Standard deduction up, tax slab tweaked

EXPRESS NEWS SERVICE
@ New Delhi

THE Union Budget offered some relief for individual taxpayers, though not as much as expected. The standard deduction for salaried employees has been increased from ₹50,000 to ₹75,000 for those opting for the new tax regime. Similarly, deduction on family pension for pensioners is up from ₹15,000 to ₹25,000.

"This will provide relief to about four crore salaried individuals and pensioners," said finance minister Nirmala Sitharaman. All benefits are for those opting for the new tax regime. Two-thirds of the individual taxpayers have shifted to the new regime, she said.

The Budget also tweaked the tax rate structure under the new tax regime. Now, income between ₹3-7 lakh annually will be taxed at 5%. Earlier, the range was ₹3-6 lakh. Those earning between ₹7-10 lakh would pay taxes at 10% instead of the earlier income range of ₹6-9 lakh. Those earning ₹10-12 lakh annually will be taxed at 15%. The rest of the tax structure is the same. The government did not create the expected new 25% tax slab.

The government also made the National Pension System (NPS) more attractive for private sector subscribers by allowing higher tax deduction for contributions made by them. Contribution up to 14% of the salary will be tax deductible for the private sector, public sector banks and undertakings, opting for the new tax regime. Earlier, the deduction benefit was allowed on contributions only up to 10%. Similarly, deduction of expenditure by employers towards NPS has been increased from 10% to 14% of the employee's salary.

REDDIT
Union Finance Minister Nirmala Sitharaman before leaving for Parliament to present the Union Budget, in New Delhi on Tuesday | SHEKHAR YADAV

CM: Budget disappointing, anti-people

EXPRESS NEWS SERVICE
@ Bengaluru

CHIEF Minister Siddaramaiah on Tuesday termed the Union Budget "disappointing" and "anti-people".

"It has totally neglected Karnataka. It gave 'chombu' (empty vessel) to the state," he told reporters.

Union Finance Minister Nirmala Sitharaman is a Rajya Sabha member from Karnataka. The state expected that she would do justice and protect Karnataka's interests. But this budget is disappointing, he said. "It is a big injustice to the people of Karnataka," the CM added.

Siddaramaiah said to keep chief ministers Chandrababu Naidu and Nitish Kumar happy, special grants have been given to Andhra Pradesh and Bihar. "If he (PM Modi) has to continue in power, he needs (AP and Bihar CMs') their support. Except Andhra Pradesh, no state in the south got anything," the CM said.

The requests made by the state at the pre-budget meeting convened by the union finance minister have not been considered. Bengaluru-Hyderabad corridor will remain a mere proposal as the NDA government has not fulfilled its announcement made earlier, he said. **Continued on P4**

Coalition compulsions in Andhra, Bihar bonanza

PREETHA NAIR @ New Delhi

IN a generous display of coalition politics, the first Budget of Modi 3.0 handed out hefty financial packages for Bihar and Andhra Pradesh, ruled by its crucial allies, the Telugu Desam Party (TDP) and the JD (U). It drew strong criticism from the Opposition, which called it a Budget driven by political compulsions and claimed it ignored Opposition-ruled states to appease BJP's allies.

The stability of the NDA government is dependent on the TDP and JD(U), which have 16 and 12 members in the Lok Sabha, respectively. Both parties have been pushing for special status or financial packages for development of their states.

A special financial support of ₹15,000 crore to Andhra for the development of its capital city was part of the Budget proposals. Walking the extra mile, finance minister Nirmala Sitharaman said efforts will be made to fulfil the commitments made under the AP Reorganisation Act. Along with special package for the Polavaram Dam project, the minister proposed grants for backward regions of the state.

As for Bihar, Sitharaman announced new airports, medical colleges and sports infrastructure. She also promised funds for highways, and an additional two-lane bridge over the Ganga in Buxar. A 2,400 MW power plant was also announced, while an industrial corridor node has been promised in Gaya. "We will formulate Purvodaya for all-round development of Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh," she said.

ANDHRA PRADESH

Special financial support through multilateral development agencies of ₹15,000 crore in the current year

Efforts to be made to fulfil commitments in the Andhra Pradesh Reorganisation Act

Fully committed to financing and early completion of Polavaram Irrigation Project

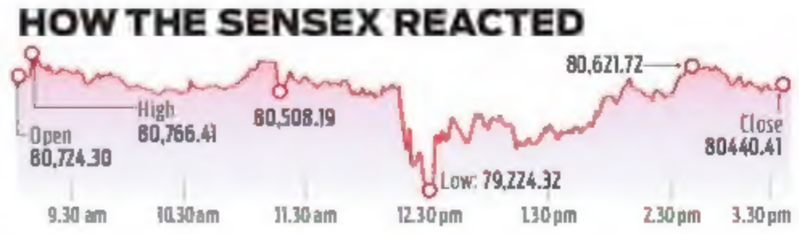
BIHAR

New airports, medical colleges and sports infrastructure will be constructed

Requests of Bihar govt for external assistance from multilateral development banks will be expedited

₹26,000 crore allocation for constructing highways in the state

HOW THE SENSEX REACTED



The budget will act as a catalyst in making India the third-largest economy in the world
– Narendra Modi, PM

FARM SECTOR

Agri R&D, digitisation focus

₹1.52 lakh crore allocated for agriculture and allied sectors. Agri R&D to be reviewed to boost production and develop climate-resilient varieties. Agri Stack digital public infrastructure project to be launched to bring over six crore farmers under the formal land registry system in three years

CORPORATE TAX

Relief for foreign firms

The government on Friday reduced the corporate tax rate on foreign companies from 40% to 35%. The Budget also proposed to abolish the 2% equalisation levy for e-commerce supply of goods or services with effect from August 1, 2024. This could benefit non-resident digital companies including US entities

EDUCATION, SKILLS DEVELOPMENT

Support for loans up to ₹10L

Financial support for loans up to ₹10 lakh for higher education in domestic institutions. E-vouchers will be given to 1 lakh students every year for annual interest subvention of 3% of the loan amount. Revised Model Skill Loan Scheme to facilitate loans up to ₹7.5 lakh with a guarantee from a government promoted Fund

WOMEN EMPOWERMENT

Schemes worth ₹3 lakh crore

₹3 lakh crore allocated for schemes that benefit women and girls. The FM said working women's hostels would be set up across the country to promote women's participation in the workforce. Also, partnerships would be created to organise women-specific skilling programmes in India

Kursi Bachao Budget. Appease Allies: Hollow promises to them at the cost of other states
Rahul Gandhi, Leader of Opposition in Lok Sabha

Will reservation be given for these short-term employment initiatives (internships)?
Akhilesh Yadav, SP chief

Right focus on jobs and MSME. Fiscal discipline maintained
Uday Kotak, founder, Kotak Mahindra Bank

INSIDE E FOR EMPLOYMENT — FM COINS NEW ACRONYM | P5 · IT'S A LONG, ARDUOUS MARCH OF HOPE | P6 · BUDGET IS ANTI-POOR, SAY OPPN PARTIES | P7 · INDIA INC CALLS BUDGET GROWTH-ORIENTED | P8 · URBAN POOR HOUSING GETS MEGA BOOST | P9 · CUSTOMS DUTY CUT ACROSS SEGMENTS | P10

No NEET-UG retest as no proof of systemic breach: SC

SUCHITRA KALYAN MOHANTY
@ New Delhi

THE Supreme Court on Tuesday refused to cancel the NEET-UG exam, observing that there is no data to suggest a systemic breach or violation of its sanctity, following two localised leaks of question papers.

"The data on record is not indicative of a systemic leak of the NEET-UG question paper which would indicate a disruption of the sanctity of the exam....There is absence of materials on record to show results of the exam was vitiated or there was a systemic breach in the conduct of the exam," Chief Justice of India D Y Chandrachud ruled.

The bench accepted a report filed by IIT Delhi's director on the correct answer to a physics question in the NEET-UG paper. A three-member expert committee of the IIT said there was only one correct answer — not two as claimed by the NTA. The bench directed the NTA to amend the merit list accordingly.

Shortly thereafter, Union education minister Dharmendra Pradhan announced that the NTA will declare the final results within two days.

Instead of reserving the judgment, the CJI dictated the operative parts, saying there is an urgent need to provide certainty and finality to the dispute. He said directing a re-test would be seriously disadvantageous for the marginalised groups.

The CJI said the fact that the question paper leak took place at Hazaribagh and Patna is not in dispute. No student who is a beneficiary of the fraud can claim any vested right to get admission, the court said.

EXPRESS READ

Greater B'luru Governance Bill '24 tabled amid uproar

Bengaluru: The state government on Tuesday tabled the Greater Bengaluru Governance Bill-2024 in the Assembly to constitute Greater Bengaluru Authority (GBA) to split BBMP into more than 10 city corporations in Greater Bengaluru Area (GBA) for effective governance, amid opposition from BJP. They alleged that the government gave a free hand to bureaucrats to prepare the bill, and did not take opposition into confidence| P3

Plaint against two ED officials rocks Council

Bengaluru: The Upper House witnessed a heated debate after the Congress demanded that a debate be allowed over a Social Welfare Department official filing a complaint against two officials of the Directorate of Enforcement (ED) probing the Karnataka Maharshi Valmiki Scheduled Tribes Development Corporation scam. Congress MLC UB Venkatesh demanded that the issue be debated | P2